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INFORMATION REPORT

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SUBJECT Shortage of Cash Forces SMV to Curtail Operations and Purchases

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Curtailment of Operations and Cancellation of Contracts.

1. During the past five weeks many SMV enterprises have been forced to curtail operations because of a critical shortage of cash. This situation now prevails throughout the SMV complex. SMV Headquarters has directed the Purchasing Office to stop all purchasing until further notice. All exploratory drilling projects have been cancelled at the Matzen and Aderklaa fields. The SMV Karandage Section has been advised that no new drillings will be authorized in the immediate future. Both the Kladering and Voasendorf refineries have been shut down. The Nova-Jenow refinery, which has just been enlarged and completely renovated, is now operating at one third of its production capacity. The Vacuum refinery is working an average of three days per week.
2. In the course of these developments, the SMV has cancelled several million schillings worth of contracts, which it leased sometime ago, to the USIA-controlled firms, "Vianova" Bau A.G. and A. Porr A.G., for the construction of roads, foundations of a cracking plant and other installations in the Listersdorf fields. (1) It is reported that both of these USIA firms are now facing bankruptcy because they have already invested appreciable sums to purchase new equipment for these contracts.

Import Shipments

3. The following import shipments have arrived at the SMV Central warehouse in Neusiedl a/d Zaya during the past four weeks:

28 carloads of iron pipe, weighing a total of 565,030 kilograms from Chrompik, USSR.

19 carloads containing 407,439 kilograms of iron pipe from Taganrog, USSR.

3 carloads of iron pipe, weighing a total of 37,830 kilograms, from Sartana, USSR.

5 carloads containing 58,630 kilograms of iron pipe from Metall-Import Trust, Zurich, Switzerland. (2)

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- 2 carloads, containing 29,850 kilograms of iron pipe from Csepel, Hungary.
- 2 carloads of iron pipe shipped from Derutra, Berlin, Germany, to Pongracz & Bock A.G. for delivery to the SEV.
- 2 carloads containing 36,960 kilograms of iron pipe from an unknown origin.
- 3 tractors, each equipped with a pump and a case of spare parts, from Soyusprom Export, Moscow.
- 2 tractors, each equipped with a pump and a case of spare parts, from Kievski-Zavod, Traktorstroï, USSR.
- 2 boxes of detectors (Sprengmaschinen) from USSR Geophysika (sic), Moscow.
- 10 crates of Granitosy Stalnie (sic) from the Mosneftekip firm, Moscow.
- 30 crates of steel ball bearings, weighing a total of 1,723 kilograms, from the Kagnovich ball bearing factory, Moscow. (3)
- 4 crates of ball bearings, weighing a total of 221 kilograms, from Soyusprom Export, Moscow.
- 5 wooden barrels containing yellow potash, weighing a total of 550 kilograms, from an unidentified firm in Eastern Germany.
- 3 carloads of used drilling equipment, weighing a total of 38,607 kilograms, from Metall-Import Trust, Zurich.
- 1 carload of iron stoppers (Verschlussse), weighing a total of 6,670 kilograms, from Metall-Import Trust, Zurich.
- 6 large tractors from the Soviet Union.

SEV Purchases

4. During the month of June 1950 the SEV Purchasing Office completed transactions valued at a total of 36,509,491.76 schillings. This office disbursed the following expenditures during the period from 26 June 1950 through 21 July 1950:

<u>Firm</u>	<u>Item Purchased</u>	<u>Payment in Schillings</u>
St. Egidyer Eisen- u. Stahl- Industrie G.m.b.H.	6 rolls of cable (Haspel- seile) Precision steel pipe	142,340.75 56,235.50
Hebensreit (4)	Steel	45,000.00
G. Jampel A.G., Liebenhirten*	Compressor	22,500.00
Siemens-Schuckert*	Electrical material	7,155.00
Friedrich Weichmann's Machf. G.m.b.H. *	Floodlights	10,551.62
USJA	Cable	21,759.63
Donau-Chemie A.G. *	On account for sulphuric acid	100,000.00
Austrian Federal Railways	On account for transportation charges	50,000.00
Kellner & Lanz	Tools	2,102.08
Franz Kofraier	Chains	52,745.75
Montanwerke Brixlegg G.m.b.H.	Heavy spar	31,842.00
"Chemisch Chemikalien G.m.b.H.	Hydrochloric acid	33,996.26

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CENTRAL INTELLIGENCE AGENCY

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<u>Firm</u>	<u>Item Purchased</u>	<u>Payment in Schillings</u>
Böla & Neffe (4)	Lacquer	4,246.10
Holzbaupark Franz Hartlcek	Wood	67,389.33
K. J. Baldauf	Building Material	180,154.47
Tendloff-Wamag A.G.*	Casing heads and slide valves	174,650.70
Eichler (4)	Fan belts	22,590.78
Elin A.G.*	Electrical unit	25,354.00
Richard Klinger A.G.	Brake platform	32,261.00
Friedrich Wiebe	Safety devices and cartridges	1,135.00
A.F. Herzog	Coal	7,925.19
Beck & Koller	Paint	1,435.55
J. Posamentis	Steel beams	1,727.60
Schüller-Bleckmann	Steel beams and steel	5,230.00
SKF G.m.b.H.	Ball bearings	3,094.36
Robert Nissl	Electrical material	3,623.20
Eisen-u. Stahl A.G.*	Steel beams	5,792.15
"Standard" Ges. fuer Techn. Artikel	Fan belts	9,667.47
Brüder Deutsch	Hamburger (sic) arches	4,830.00
Guido Rütgers	Impregnating work	3,780.70
Brüder Berghofer	Steel beams	9,813.00
Hutter & Schrantz	Screen	11,424.00
Oesterreichische Armaturen G.m.b.H.	6 oil manometers	13,603.72
Mannesmann-Trauzl A.G.	Drill rods and other drilling equipment	155,395.93
Marschner (5)	Ball bearings	4,336.00
Seilerwaren- Handels G.m.b.H.	Rope	22,096.60
Pelzl & Brudl	Electrical material	3,327.00
J. M. Proscheck	4 motors	11,160.00
Ing. Anton Grillmaier	Flanges	1,600.83
"Gefre" Radio G.m.b.H.	Radio parts	1,392.00
Richter (4)	Conduit pipe	2,089.00
Othmar Graf Aichelburg, Vorn. Lederer & Neessengl	Firebrick	1,840.40
Various Vienna firms	Work clothing	27,500.00

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<u>Firm</u>	<u>Item Purchased</u>	<u>Amount in Schillings</u>
Elektro-Bau A.G., Linz	1 DS oil transformer	15,288.00
Jasper, Deutschland (6)	Rubber cushions for cater- pillar tractors	38,505.60

Personnel

of the

- 5 To date most/SMV employees have received only partial payment of their June 1950 wages. In line with these developments the SMV has not only cancelled all night and overtime work but/is also starting to release large numbers of its Austrian employees. As usual the Soviets are trying to evade payment of termination wages as prescribed by Austrian law.
6. In addition to an unusually large number of Werkschutz employees, the Soviets now have two regiments assigned to the SMV Oil Staff at Zistersdorf.
7. SMV oil field workers have heard it rumored that the Soviets are trying to form an international army to send to the aid of the North Koreans. According to current gossip, volunteers will be well paid and their families subsidized. Apart from this rumor some SMV workers are soliciting signatures in support of the Stockholm declaration, while others are collecting funds which are ostensibly for the Red Cross but actually for the North Koreans.

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